

Message Text

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44

ORIGIN NEA-06

INFO OCT-01 SS-14 ISO-00 NSC-10 NSCE-00 PM-03 CIAE-00

INR-10 NSAE-00 RSC-01 EB-05 COME-00 L-02 PRS-01 /053 R

DRAFTED BY DOD/NESA/AFR:FTHIEBERGER:BDF

APPROVED BY NEA/ARP:FMDICKMAN

USAF - MR. ROBINSON

OSD/ISA/NESA - MR. SCHAEFER

NEA/ARP - MR. WRAMPPELMEIER

PM/MAS - MR. GREY

SS- :GTWOHIE

----- 001485

R 010330Z NOV 73

FM SECSTATE WASHDC

TO AMEMBASSY JIDDA

INFO CNO

DA

DOD/DSAA

ISA

JCS

USAF WASH

CINCEUR

USMTM DHAHRAN

C O N F I D E N T I A L STATE 215274

LIMDIS

E.O. 11652: GDS

TAGS: MARR, SA

SUBJ: AGENTS FEES

1. DOD PROVIDES THE FOLLOWING INFORMATION: DURING THE MOST RECENT NEGOTIATIONS WITH NORTHROP ON THE PEACE HAWK III, AIR FORCE AGAIN QUESTION THE AMOUNT OF AGENTS FEE CHARGED FOR THIS PROGRAM BY NORTHROP'S AGENT, TRIAD CORPORATION. DURING THESE NEGOTIATIONS, NORTHROP INFORMED THE USAF THAT MR. KHASHOGGI, PRESIDENT OF TRIAD, CONFIDENTIAL

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HAS MET IN THE RECENT PAST WITH PRINCE SULTAN CONCERNING

TRIAD'S FEE. SULTAN ALLEGEDLY STATED THAT WHILE HE CONSIDERS THE CURRENT TRIAD FEE REASONABLE, HE DOES NOT DESIRE TO DRAW ATTENTION TO THIS MATTER BY A PUBLIC PRONOUNCEMENT INSTEAD HE INTENDS TO DISCUSS MATTER PRIVATELY WITH AMBASSADOR AKINS. ACCORDING KHASHOGGI, SULTAN PLANS TO MAKE AN ORAL POLICY STATEMENT RE FEES ALONG THE FOLLOWING LINES IN CONVERSATION WITH AMBASSADOR AKINS: (A) HE HOLDS NO FAVORITISM FOR NORTHROP, KHASHOGGI, OR THE HAWK PROGRAM: ALL PURCHASES BY HIS COUNTRY ARE TO BE TREATED ALIKE; (B) THERE WILL BE NO HIGH FEES (WHICH KHASHOGGI INTERPRETS TO BE AS HIGH AS 40 PERCENT) BUT A 5 PERCENT FEE ON THE CONTRACT PRICE BETWEEN NORTHROP AND USAF IS CONSIDERED REASONABLE.

2. ACTION REQUESTED: THAT AMBASSADOR AKINS ATTEMPT TO CONFIRM THE SAUDI POSITION ON THIS MATTER AND THAT DEPARTMENT, DOD, AND USAF BE ADVISED OF THE RESULTS OF HIS APPROACH WITH REGARD TO PAYMENT OF THE AGENTS FEES. WE RECOGNIZE THAT MANY IMPORTANT MATTERS ARE BEING HANDLED BY AMBASSADOR AT THIS PARTICULAR TIME, BUT WOULD APPRECIATE IT IF THE MATTER COULD BE DISCUSSED WITH SULTAN AT AN EARLY DATE SINCE THE USAF WISHES TO SETTLE THE MATTER WITH NORTHROP AS SOON AS PRACTICABLE BUT DOES NOT WISH TO DO SO IN THE ABSENCE OF A POLICY STATEMENT BY SULTAN TO THE AMBASSADOR OR DCM.

3. THIS SAME MESSAGE WAS SENT EMBASSY AND DEFENSE ADDRESSEES AS STATE AIRGRAM 8935 OF OCTOBER 29. BECAUSE OF URGENCY WITH WHICH USAF REQUIRES THIS INFO, MESSAGE BEING REPEATED YOU BY CABLE AT THIS TIME.

KISSINGER

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NNN

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